

PROCLAMATION

BY THE

Governor of the State of Texas

41-2278

TO ALL TO WHOM THESE PRESENTS SHALL COME:

Pursuant to Article IV, Section 14, of the Texas Constitution, I, William P. Clements, Jr. Governor of Texas, do hereby veto Senate Bill 452 because of the following objections:

This bill amends the Property Code to make a fundamental change in the manner in which a deficiency on debt incurred on real property is determined after a nonjudicial foreclosure sale. The bill would permit debtors to go to court to determine the fair market value of the property after the foreclosure sale. The deficiency owed would then be based on the subsequent definition of fair market value, rather than on the amount for which the property is sold at foreclosure.

Currently, the deficiency owed is the amount of the difference between the outstanding debt and the amount for which the property is sold at foreclosure, plus certain costs of the sale. By definition, fair market value should be that value which a property can bring on the day of the sale. The Property Code contains ample notice procedures and protections for debtors and creditors, as well as for prospective purchasers of foreclosed real property. In particular, there is ample notice of the day of sale to all parties concerned.

This change in the method of determining the amount of a deficiency is unwise and inappropriate. This bill has the potential to result in numerous lawsuits and further delay the collection of deficiency judgments. Such delays and further litigation are not in the State's best interests.

The Secretary of State shall take notice of this action and notify the Legislature.

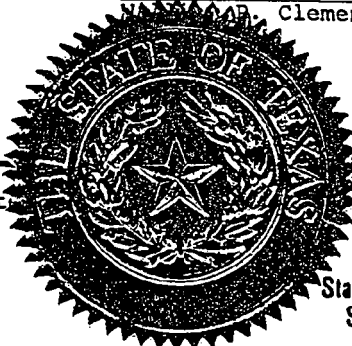
IN TESTIMONY WHEREOF, I have hereunto signed my name officially and cause the seal of the State to be affixed hereto at Austin, this 18th day of June, 1989.

W. P. Clements, Jr.

W. P. Clements, Jr.

Jack M. Rains

Jack M. Rains
Secretary of State



Filed in the Office of
Secretary of State

JUN 18 1989

Statutory Filings Division
Statutory Documents